



## APD ALERT

### Options – General Services Administration (GSA) Federal Supply Schedule Contracts

Options should not be routinely used in task orders under GSA Federal Supply Schedule (FSS) contracts without adequate market research. Delivery/task orders are fund-obligating documents for specified periods of time and, by definition, are for “individual requirements.” See Federal Acquisition Regulation (FAR) 16.504(a). Additionally, use of options can inhibit competition, as some FSS vendors may not have adequate GSA contractual coverage to perform the full period of the task order. However, there is no express prohibition in statute or the FAR on the use of options in a delivery/task order. For this reason, there is no **objection to the use of options in delivery/task orders provided the following directions are followed.**

To utilize options in GSA FSS task orders, Contracting Officers (CO’s) must do the following:

1. Include the evaluation clause at FAR 52.217-5 and the option clause at FAR 52.217-9 (in full text) in the Request for Quotation (RFQ); include FAR 52.217-9 (in full text) in the subsequent task order.

2. Include a statement in the RFQ substantially as follows:

*“This requirement includes a base period and \_\_\_ option periods. To be considered for award, an offeror must have a current GSA contract, which would ensure performance of the base and all option periods of this task order. The offeror shall submit a copy of its current GSA contract with its quotation. The offeror should contact GSA if it has any questions about the duration of its contract with GSA and thus its ability to perform the requirement.”*

3. Before exercising an option, make a written determination IAW FAR 17.207, Exercise of Options.

Indefinite Quantity Contracts (IQC) (including contracts awarded by GSA under the FSS program) provide the Government a contractual period in which to issue delivery/task orders to the contractor. If the IQC has expired, the Government has no legal basis to issue a delivery/task order. This creates unique problems when CO's issue RFQ's calling for task orders which include option periods, because the option periods may run beyond the period of the underlying GSA IQC with the FSS vendor. To be able to perform the entire requirement under the RFQ, an offeror must have a current GSA FSS contract, which would enable ARS to issue delivery orders for the base, and all option periods specified in the RFQ. Without full GSA contract coverage, the task order would be deceptive since the offeror, if awarded the contract, would have no legal obligation to continue performance of the task order beyond the current term of its GSA contract. It is not sufficient to simply assume that GSA will award the offeror a follow-on contract, or rely on the offeror's promise to seek renewal of the contract from GSA in the future. To have GSA contract coverage, the offeror must have a FSS contract in its base period (typically 5 years) or in an option period. (The GSA options represent a unilateral right of GSA to extend the contract performance period and bind the contractor to continue to perform task orders during the option periods.) Each option period of the task order must be exercisable under an existing GSA FSS contract (inclusive of options). Thus, the CO must ensure, before award, that the required contractual coverage is in place. **It is not legally sound to award an FSS task order to a vendor that does not have an appropriate GSA contract covering all periods of performance of the task order, base and options.**

Before including options in task orders, the CO should consider such factors as:

1. Whether there are any unique requirements in the task order that make continuity of operations especially necessary.
2. The total cost of the requirement. High dollar value contracts may be better accomplished under FAR Part 12 or 15 procedures to promote full and open competition and achieve the best value for the Government.
3. The total duration of the requirement. Orders of long duration (e.g., base plus four option years) on GSA FSS contracts may have the effect of limiting competition to vendors with newer GSA contracts.
4. Whether market prices for such services are likely to change substantially during the period of the order.

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